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1	ONTIED STATES DISTRICT COOKT			4/22/2019 12:27 pm
2	EASTERN DISTRICT OF NEW YORK CASTERN DISTRICT OF NEW YORK CASTERN DISTRICT COURT EASTERN DISTRICT OF NEW YORK LONG ISLAND OFFICE			
3	USA,		Docket 16-c	r-00098-JFB-1
3		Plaintiff,	United Stat	es Courthouse
4	V.		Central Isl	ip, New York
5	WALTER J. BARONOWSKI,	III	March 20, 2	019
6		Defendant.	1:47:26 pm	- 2:07:39 pm
7	TRANSCRIPT FOR CRIMINAL CAUSE			
8	- GUILTY PLEA - BEFORE THE HONORABLE GARY R. BROWN			
9	UNITED STATES MAGISTRATE-JUDGE			
10	APPEARANCES:			
11	For Plaintiff:	CHRISTOPHER CH		, ~
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24	(Proceedings red	corded by elect	ronic sound	recording)
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COURTROOM DEPUTY: Calling case criminal 2016-98, USA
v. Walter Baronowski. Counsel, please state your appearance for
the record.

MR. CAFFARONE: Chris Caffarone, for the United States. Good afternoon, Your Honor.

THE COURT: Good afternoon, Mr. Caffarone.

MS. SHAPIRO: Good afternoon, Your Honor. Apologies. It's Michelle Shapiro from Arent Fox, on behalf of Defendant, Walter Baronowski, who's seated to my right. With me is my colleague, Melissa Trenk, who is an attorney in my office, whose application is pending for the Eastern District. She's here today to observe, with your permission.

THE COURT: I'm doing attorney admissions. Maybe she'll be part of that. Delightful to see all of you. Have a seat. All right. Mr. Caffarone, we're doing what today?

MR. CAFFARONE: Your Honor, we're here to waive indictment and plead guilty to a superseding information.

THE COURT: Okay. Let me do that one piece at a time. So, Mr. Baronowski have you had enough time to talk to your attorney? Do you understand the things we're going to try to do today?

MR. BARONOWSKI: Yes, Your Honor.

THE COURT: All right. Pull that mic nice and close, because that's how we're going to make a record. All right.

Understand that at least some of the things we're doing today,

such as a guilty plea, you have the right to have that done in front the district judge. He's very busy. He's not available today. He's asked me to cover it. I know you signed something, but is that okay with you? And do you understand that?

MR. BARONOWSKI: Yes, Your Honor.

THE COURT: All right. Very good. I will enter the order then, the referral order. In terms of the waiver of indictment, do I need to do a full arraignment? What are we going to do on that?

MR. CAFFARONE: Your Honor, I think he has to get arraigned on the information because he was not charged --

THE COURT: So, he has to say not guilty, and then you want him to say guilty --

MR. CAFFARONE: Guilty. Yes, please.

THE COURT: All right. So, sir, understand what's happening. You've been indicted on different charges. What's being proposed is the Government wants to file this superseding information. By law, technically speaking, they need to go to a grand jury. And present this. Now the grand jury might find that this charge, which charges making a false statement is good, and then they would vote an indictment, or they might not, but by agreeing in the agreement that you signed to waive that, we're not going to go to a grand jury. We're just going to proceed as though this is a charge. Do you understand that?

MR. BARONOWSKI: Yes, Your Honor.

recently been under the care of a physician or a psychiatrist?

MR. BARONOWSKI: Yes, Your Honor.

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USA v. Walter J. Baronowski, III - 3/20/19
              THE COURT: For what?
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              MR. BARONOWSKI: Anxiety.
                         Okay. Are you on any medical as a result?
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              THE COURT:
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              MR. BARONOWSKI: Yes, Your Honor.
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              THE COURT: What medication or medications are you on?
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              MR. BARONOWSKI: Lexapro and Xanax.
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              THE COURT: Okay. I have some familiarity with those,
    limited, but the important thing is, does it affect your ability
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 9
    to understand what's going on here today?
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              MR. BARONOWSKI: No, it does not, Your Honor.
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              THE COURT: Is your mind clear?
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              MR. BARONOWSKI: Yes, it is, Your Honor.
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              THE COURT:
                         All right. Good. Other than what you've
14
    told me about, those medications that are prescribed, in the
15
    past 24 hours, have you taken any narcotics, drugs, medicine, or
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    pills, or had any alcoholic beverages other than those two?
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              MR. BARONOWSKI: An Advil, that's about it.
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              THE COURT: Okay. Have you ever been hospitalized or
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    treated for a narcotics addiction?
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              MR. BARONOWSKI: No, Your Honor.
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              THE COURT: All right. And you've already told me
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    your mind clear today?
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              MR. BARONOWSKI: Yes, Your Honor.
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              THE COURT: And you understand what's going on here.
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    Yes?
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              MR. BARONOWSKI: Yes, Your Honor.
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              THE COURT: Good. Defense counsel, let me ask you.
    Have you discussed this matter with your client?
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              MS. SHAPIRO: I have, Your Honor.
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              THE COURT: Does he understand the rights he'd waiving
    by entering a guilty plea?
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              MS. SHAPIRO: I believe he does, Your Honor.
              THE COURT: All right. Is he capable of understanding
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 9
    the nature of these proceedings?
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              MS. SHAPIRO: I believe he is.
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              THE COURT: He has a degree in global finance, I would
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    think so, but it's important that you tell me that. Do you have
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    any doubt as to his competency to plead guilty at this time?
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              MS. SHAPIRO: No, Your Honor.
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              THE COURT: Okay. Good. Back to you, sir. You have
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    the right to plead not-guilty, and to the extent you've entered
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    a not-guilty plea, you can stand by that not-guilty plea.
18
    you understand?
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              MR. BARONOWSKI: Yes, I do, Your Honor.
              THE COURT: If you plead not-guilty, or if you stand
20
21
    by a not-guilty plea, under the constitution and laws of the
22
    United States, you're entitled to a speedy and public trial by
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    jury, with the assistance of counsel on the charges. Do you
24
    understand?
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              MR. BARONOWSKI: Yes, I am, Your Honor.
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THE COURT: Counsel, are you retained or appointed?

MS. SHAPIRO: Retained.

THE COURT: Okay. You're paying attorney, but if for some reason you didn't have sufficient funds to have an attorney, an attorney would be provided for you by the court.

Do you understand that as well?

MR. BARONOWSKI: Yes, I do, Your Honor.

THE COURT: All right. At the trial, you would be presumed to be innocent and the Government would have to overcome that presumption and prove you guilty by competent evidence and beyond a reasonable doubt, and you would not have to prove that you are innocent. And if the Government failed, the jury would have the duty to find you not guilty. Do you understand?

MR. BARONOWSKI: Yes, I do, Your Honor.

THE COURT: In the course of the trial, witnesses for the Government would have to come to court and testify in your presence. And your counsel would have the right to cross examine the witnesses for the Government, object to the evidence offered by the Government, and to offer evidence on your behalf. Do you understand?

MR. BARONOWSKI: Yes, I do, Your Honor.

THE COURT: If there were witnesses, who could help you that were reluctant to come to court or documents that you needed for your case, your attorney could also get orders and

subpoenas to compel individuals to either come to court or give you those documents so you could defend yourself. Do you understand that?

MR. BARONOWSKI: Yes, I do, Your Honor.

THE COURT: All right. At the trial, you would have the right to testify if you chose to do so, but you would not be required to testify. Under the Constitution of the United States, you cannot be compelled to incriminate yourself. If you decided not to testify, the Court would instruct a jury that they could not hold that against you. Do you understand?

MR. BARONOWSKI: Yes, I do, Your Honor.

THE COURT: If you plead guilty and I recommend acceptance of that plea, and that plea is accepted, you will be giving up all your constitutional rights to a trial, and the other rights I've just discussed. There will be no further trial, and the other rights I just outlined. There would be no further trial of any kind, and no right to appeal or collaterally attack at any time the question of whether you're guilty or not. A judgment of guilty will be entered on the basis of your guilty plea, and that judgment can never be challenged. Do you understand?

MR. BARONOWSKI: Yes, I do, Your Honor.

THE COURT: All right. You may, and I emphasize may, have the right to appeal with respect to sentence, but not with respect to question of guilt or innocence. Do you understand?

1 MR. BARONOWSKI: Yes, I do, Your Honor.

THE COURT: All right. If you plead guilty, I will have to ask you questions about what you did in order to satisfy myself that you are guilty of the charge or charges to which you seek to plead guilty, and you'll have to answer my questions and acknowledge your guilt. Thus, you will be giving up your right not to incriminate yourself. Do you understand?

MR. BARONOWSKI: Yes, I do, Your Honor.

THE COURT: Are you willing to give up your right to a trial and the other rights that I just outlined?

MR. BARONOWSKI: Yes, I do.

THE COURT: All right. There's, what I'll refer to as, a plea agreement. Have you read this document?

MR. BARONOWSKI: Yes, I did, Your Honor.

THE COURT: And did you discuss it with your attorney?

MR. BARONOWSKI: Yes, I did, Your Honor.

THE COURT: All right. I'm going to ask the prosecutor to summarize the important parts for you, so, please pay attention to this.

MR. CAFFARONE: Yes, Your Honor, the important parts of the agreement are that the defendant is agreeing to plead guilty. In exchange, the Government agrees that it will recommend a term of probation, one-year probation. It won't recommend any fines or restitution. In addition, the Government will dismiss the underlying indictment with prejudice, and

Honor.

that's sort of the core of the agreement. There are obviously some other items in there as well. Statutory penalties are a five-year maximum, no minimum. But that's the crux of the agreement.

THE COURT: There's no appellate waiver?

MR. CAFFARONE: There's no appellate waiver, Your

THE COURT: All right. I'm going to ask the prosecutor to do one other thing. We talk about what we call the elements of a crime, which is the basic things that the Government has to prove to establish your guilt at trial. Okay? We're going to talk about the charge that we're talking about today, which is the one contained in the superseding information. I'm going to ask the prosecutor to summarize the elements, what they would have to prove to establish your guilt.

MR. CAFFARONE: Yes, Your Honor. The Government would have to prove that the defendant made the statement charged in the information. That he did so knowingly and willingly. That the statement was materially false, fictitious or fraudulent. That it was made in connection with or in the manner within the executive branch. In this case, it's the FBI, and the United States Postal Inspection Service. Those are the elements we'd have to prove beyond a reasonable doubt.

We'd also have to prove that it was done on or about the date and that by a preponderance, we'd have to prove venue,

that it occurred in this district. The meeting actually occurred in this building in the U.S. Attorney's Office.

THE COURT: Which is in this district.

MR. CAFFARONE: It is in this district, yes.

THE COURT: Okay. I just want to double-check. All right. Good. So, sir, you understand that those are the basic elements. That's what the Government would have to prove to establish your guilt?

MR. BARONOWSKI: Yes, I do, Your Honor.

THE COURT: All right. And I imagine that you've discussed this matter with your attorney, and you feel comfortable that you understand the nature of the charge?

MR. BARONOWSKI: I do, Your Honor

THE COURT: I just want to review very quickly with you, because the prosecutor said something very important. He said they'd make a recommendation about certain sentencing aspects, but you have to understand what the penalties are.

Once you say you take the guilty plea, the maximum term of imprisonment here is five years. You understand?

MR. BARONOWSKI: I do, Your Honor.

THE COURT: There's no minimum term. But then there's something called supervised release, which is three years to follow any term of imprisonment. And if you violate a condition of supervised release, you would be sentenced for one year without credit. Do you understand that?

1 MR. BARONOWSKI: I do, Your Honor.

THE COURT: Do you know what supervised release is?

MR. BARONOWSKI: Generally speaking, I'm assuming it's some kind of home confinement or in touch with some sort of supervisor, I'm not very familiar.

THE COURT: Pretty close. It's like what we used to call probation or parole. It means you're out on your own, you've finished whatever sentence that has to be served, but you're still under the jurisdiction of the court. And if you violate certain rules, you can go back to jail. In this case for as much as a year because you've committed a new crime, or you didn't follow the rules. Do you understand?

MR. BARONOWSKI: I do, Your Honor.

THE COURT: All right. There's a maximum fine of up to \$250,000. Do you understand that?

MR. BARONOWSKI: I do, Your Honor.

THE COURT: Restitution is NA?

MR. CAFFARONE: That's correct, Your Honor. The lies were made to the FBI. They weren't made to the victims.

Defense counsel and I had spoken at length, and done some research on our own as well, and concluded that restitution was not applicable. We've actually talked to the Government, and the FBI agent actually spoke to the victims of the underlying case and brought that to their attention. They completely agree with the disposition and forego any restitution that they may

have been entitled to.

THE COURT: All right. The Government believes
there's no restitution. I'm a little surprised by that. What
was the amount that issued in the underlying scheme?

MR. CAFFARONE: I think it was over a million dollars for a couple of different insurance companies. But when we looked at the 1001, there is actually a case, I think I found it in the District of New Jersey, and I think defense counsel found one. We had shared different research and came to the conclusion that depending on who the lie is made to, there may be restitution that attaches to 1001, but it usually has to be inferred. What we saw was a lie on an application to get a loan.

THE COURT: Okay. I'm good.

MR. CAFFARONE: Okay.

THE COURT: I just want to say to the defendant, just pay attention to me for a second here.

MR. BARONOWSKI: I'm sorry, Your Honor.

THE COURT: That's okay. Here's the thing, Government counsel and your attorney, both of them are very qualified. They know this stuff. They know it better than I do. They're saying no restitution. I'm going to disagree. I'm going to say there's a possibility. You should just be aware. There's a possibility the judge might say, he's on the hook for restitution, and he could order you to pay \$1 million. Do you

understand?

2 MR. BARONOWSKI: I do understand, Your Honor.

THE COURT: Okay. It's a risk. Okay? I would like to accept counsel at their word, and say they were absolutely right, but when they cite the District of New Jersey to me, I think twice. It might not be binding precedent. There could be a different decision here. Do you understand?

MR. BARONOWSKI: Yes, Your Honor.

THE COURT: Okay. And there's a \$100 special assessment that you must pay. Do you understand that?

MR. BARONOWSKI: I do understand that.

THE COURT: All right. Have you discussed with your attorney the sentencing guidelines and the other sentencing factors that the judge must consider in crafting a sentence?

MR. BARONOWSKI: Yes, I did, Your Honor.

THE COURT: Good. Then you should know that the sentencing guidelines are not mandatory, but that in sentencing, the Court is required to consider the applicable guidelines range, along with the certain statutory factors listed in something we call 18 U.S.C. 3553(a). And what that means is the Court will consider the nature and circumstances of your offense, your criminal history, if any, and your personal characteristics in thinking about a sentence. Do you understand?

MR. BARONOWSKI: Yes, I do, Your Honor.

1 THE COURT: And what that means is there's only one 2 guarantee. Right? We can make representations and promises and what-not, but there's one quarantee, and that's a five-year 3 4 maximum as to the statute. Do you understand?

MR. BARONOWSKI: Yes, Your Honor.

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THE COURT: That's the only guarantee. You got it?

MR. BARONOWSKI: Yes, Your Honor.

THE COURT: Good. In formulating a sentence, the district court will consider other factors, including the seriousness of the offense, just punishment, protection of the public from additional criminal conduct by you or by others, and in certain cases, if cooperation becomes an issue, your cooperation if the Government submits certain forms and motions. Do you understand all of that?

MR. BARONOWSKI: Yes, Your Honor.

THE COURT: Do you realize, sir, that -- do you need a moment? It's okay.

MS. SHAPIRO: Do you want to just repeat that last question, Your Honor, please?

THE COURT: Yes. In formulating a sentence, there are other things that the Court must consider, the seriousness of the offense, just punishment, protection of the public from additional criminal conduct by you or by others, and where appropriate, your cooperation if the Government submits a certain motion.

1 THE COURT: I would be delighted to hear that.

MR. BARONOWSKI: Thank you, Your Honor. On May 8 and May 14, 2018, I was interviewed by Agents of the Federal Bureau of Investigation and the U.S. Postal Inspection Service pursuant to a proffer agreement with the U.S. Attorney's Office, for the Eastern District of New York.

During the second day of my interview, I was asked how the commission worked on a particular life insurance policy issued to a client of an insurance agent for whom I had previously worked. In response I told the Government that I was not sure, but that I heard that the insurance company offered a bonus on that policy up to 134 percent of the annual premium. In truth, at the time of the interview, I was also aware of an illegal rebating scheme whereby the insurance agent secretly shared his commission payment on the policy with a client. Despite knowing about the illegal rebating scheme when I answered the Government's question, I chose not to disclose it. I deeply regret this bad decision. Thank you, Your Honor.

THE COURT: No problem. Now, you read a statement. just to make sure, those are your words and those are true. Correct?

MR. BARONOWSKI: Yes, Your Honor.

THE COURT: All right. Is the prosecutor requesting him to add anything to that allocution?

MR. CAFFARONE: Actually, I think he may have said it,

but I might have missed it. That the proffer occurred here in
this building, within this district.

THE COURT: Is that right?

MR. BARONOWSKI: Yes, Your Honor.

THE COURT: It's a big white building. You'll

remember.

MR. BARONOWSKI: Yes, Your Honor, we were here.

THE COURT: All right, good. Anything else?

MR. CAFFARONE: No, Your Honor.

THE COURT: Anything counsel would like him to add?

MS. SHAPIRO: No, Your Honor.

THE COURT: All right. In that case, I'm going to ask the prosecutor to outline the proof the Government would have offered had the matter gone to trial.

MR. CAFFARONE: Yes, Your Honor. The Government would have called the special agent with the FBI and the United States Postal Inspector, who would have testified that on May 14, 2018, the defendant, along with his attorneys, met with the Government in connection with it's investigation and during that interview, the defendant made the false statement that he had just testified to. We would also put on witnesses that would have also confirmed that statement to be false because there was an illegal rebating scheme. And so, we would have called the witnesses to establish all of the necessary elements of the offense.

THE COURT: All right. Very good. Anything else the Government would like to add?

MR. CAFFARONE: No, Your Honor.

THE COURT: Anything else from defendant?

MR. BARONOWSKI: No, Your Honor.

THE COURT: All right. Based on the information given to me, I find that the defendant is acting voluntarily. He fully understands his rights and the consequences of the plea, and that there is a factual basis for the plea. I therefore recommend acceptance of the plea of guilty to the sole count of the superseding information.

That's it. Do we have a sentencing date?

MR. CAFFARONE: We do. It's July 10.

THE COURT: Okay. Go ahead.

MS. SHAPIRO: I was going to add, Your Honor, that we do intend to send Judge Bianco a letter requesting a sooner date. So, we're set that as a tentative date. We'd like to ask him to do it more quickly and potentially to also waive the PSR requirements that Baronowski has prepared. But we understand. We will take that up with Judge Bianco.

THE COURT: I'm a big fan of not delaying things, so absolutely. But let me say to the defendant, just understand, we're talking about July 10, it may be sooner, but keep in touch with your attorney. There's a lot to be done between then and now. There may be different reports, and you have to share

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    information. Just make sure you keep in touch and show up when
 1
    you're supposed to show up. Okay?
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              MR. BARONOWSKI: Yes, Your Honor. I thank you very
 4
    much.
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              THE COURT: Good luck to you.
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              MR. CAFFARONE: Thank you, Judge.
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              THE COURT: We're adjourned. Thank you.
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1	CERTIFICATION			
2				
3	I, Rochelle V. Grant, certify that the foregoing is a			
4	correct transcript from the official electronic sound recording			
5	of the proceedings in the above-entitled matter.			
6				
7	Dated: April 20, 2019			
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9	Locule V. Scant			
10	Rochelle V. Grant			
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